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November 1981

MART

The Retailer's Magazine of Electronics/Appliance Profit Improvement

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MART

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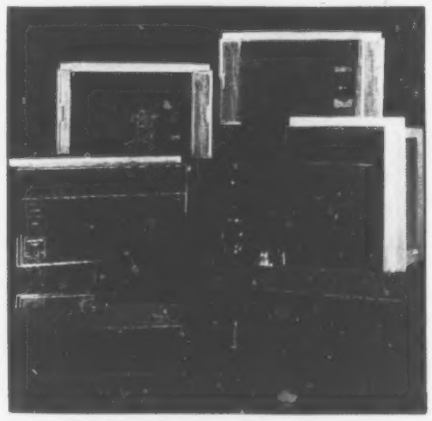

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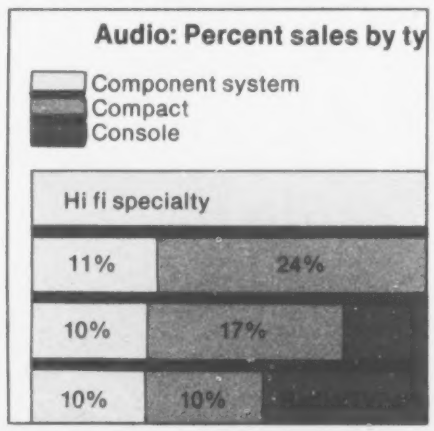

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MAJOR APPLIANCES

M/W sales to 5-million units in 1982: Johnstone

Litton exec says satisfied customers and word of mouth advertising will spur market saturation

The microwave oven is poised on the edge of the mass consumer market, according to Don Johnstone, vice president of marketing at Litton Microwave Cooking Products. Saturation, currently in the 20-percent range, should eventually reach 60 percent or more, he believes.

Retail sales, which are expected to reach 4.2 million units in 1981, are expected to grow to 5 million units in 1982—a 19-percent increase, Johnstone told MART.

According to Johnstone, the market has grown to a point where word-of-mouth advertising will begin to accelerate sales even faster. As more and more consumers see microwave ovens used in the home of a friend, or as they use them in the office cafeteria, they will eventually want one for their own home.

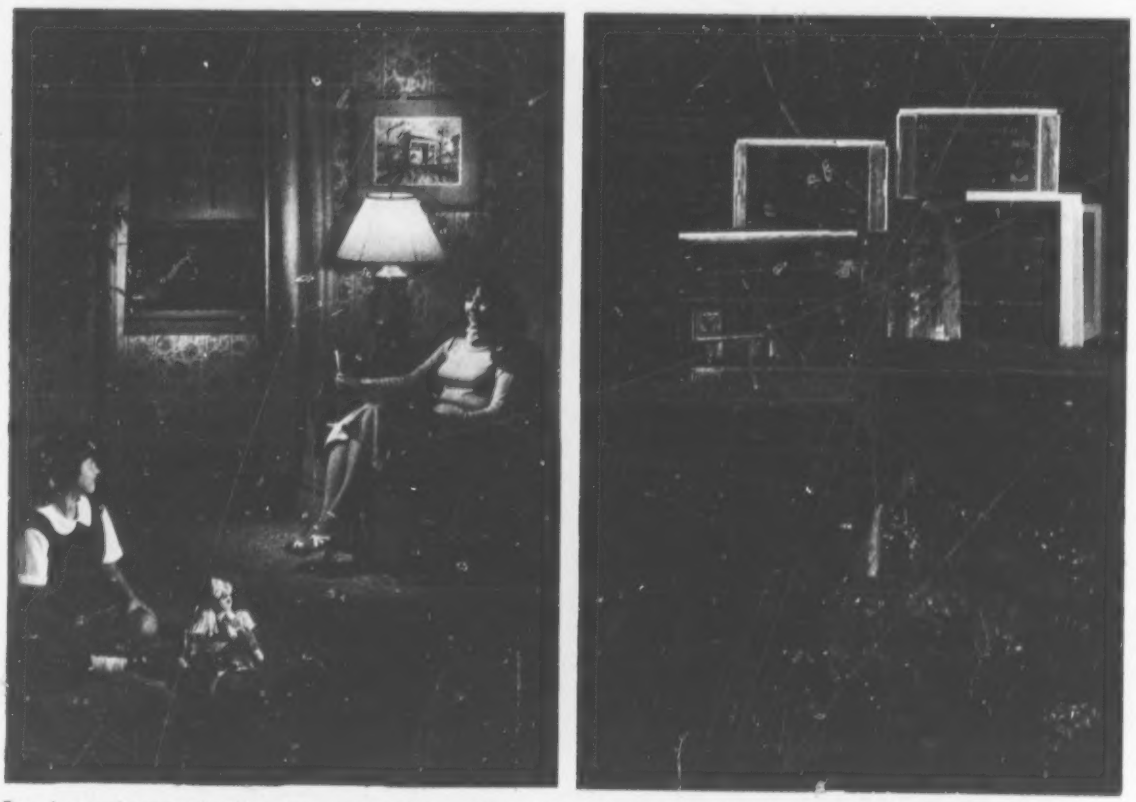
Besides the obvious ease and speed of microwave cooking, Johnstone cited the high degree of customer satisfaction with the product as a positive indicator of the anticipated growth: more than 95 percent of those consumers who purchase a microwave oven are happy with their purchase.

"Whether they use the product or not, customers are happy with their microwave ovens," Johnstone told MART. "Many consumers are happy to have a product with which to reheat and defrost. Others are happy with their product because they do most to all of their cooking in it."

In general, Johnstone said, today's microwave oven customer is more knowledgeable than the microwave shopper of a few years ago. Consumers today generally know the features they want when they come in to buy.

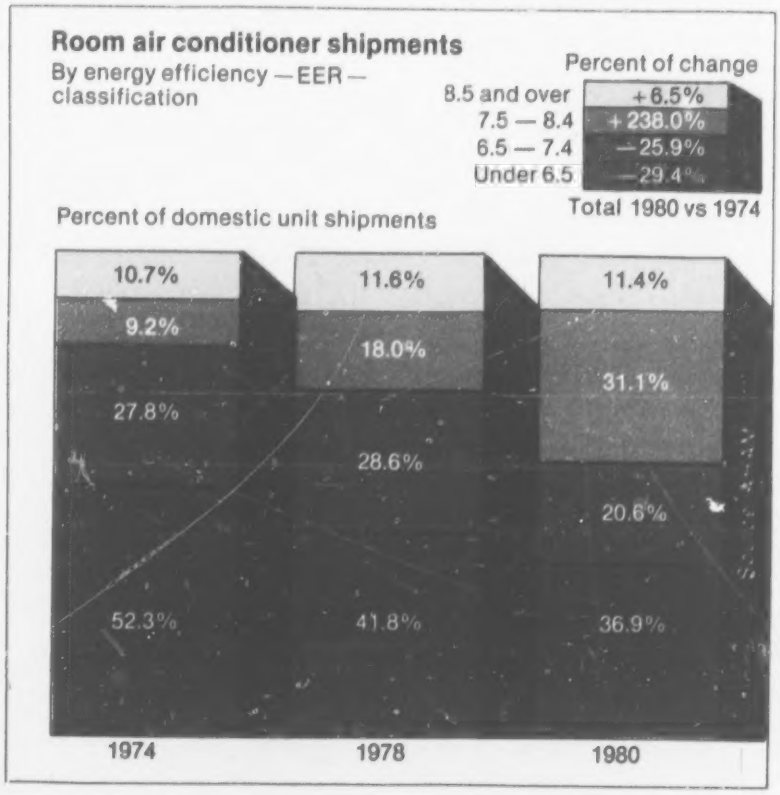
Although growth is expected in all parts of the microwave-oven business, Johnstone singled out the over-the-range and combination-range markets as the greatest growth areas. "And appliance retailers will always have the major portion of that business," Johnstone added. ■

Litton's Don Johnstone: Over-the-range and combination ranges will be the fastest growing segments of the microwave market.



Growing replacement sales and more people shutting off their central air conditioning to spot-cool insure a stable room-air market. Models are from Whirlpool (left: **Write in 329**) and Emerson Quiet Kool (right: **Write In 330**).

Air conditioners have another big year



The room-air-conditioner business is in good shape.

Following the industry-wide sellout in 1980, shipments of room air conditioners have been brisk throughout most of 1981. And retail sell-through, although not as spectacular as a year ago, was nevertheless impressive in 1981. Field inventories for the second year in a row are remarkably low. So manufacturers are optimistic about 1982.

The high cost of floor-planning is keeping many retailers from placing early orders. When they finally do order, most retailers are buying much more carefully than they did in past years. Buy-back options, although generally still available, are less of a factor in the business than they used to be. Retailers are ordering what they know they can sell at the risk of running short of product in an extended hot spell.

A growing replacement market, and an increase in sales to consumers shutting off their central air conditioners in favor of-spot-cooling with one or more room air conditioners, are two factors that will insure continued stability. The full report begins on page 21.

Room air conditioners in the 1980s—the market is smaller but more stable

The days of 5 million units a year are gone, but retailers can expect a stable market with sales of more than 3 million units a year

The room air conditioner business is becoming much more stable—and thus much more predictable.

Dealers are ordering units somewhat later in the year, and manufacturers are waiting longer to establish their new lines, in some cases.

The high costs of production and floor-planning are keeping early pre-season buying down. And no one—manufacturer, distributor, or retailer—is anxious to overload the distribution pipeline.

The days of 5 million factory unit shipments a year are gone. In the late 1960s and early 1970s, when the cost of floor planning was lower and buy-back plans were more liberal, dealers would order boldly and heavily, and manufacturers would flood the distribution network with millions of room air conditioners.

In an extended heat wave, retail sales of room air conditioners would be dramatic. But in an average or poor year, millions of units would remain in the pipeline—a drag on the profits of both producers and retailers.

Today, factory shipments are at a lower (but much more stable) 3-million-unit-a-year rate.

Buy-back plans, although still available, are not as large a factor in the business as they used to be. Retailers are ordering more carefully, and manufacturers are tailoring production to fit the new retail realities.

Because of a couple of relatively recent trends in the business, manufacturers say there is no longer a huge difference in sales volume between an extremely hot year and a poor year.

A large and growing base of dependable replacement sales now exists. And with today's climbing utility rates, more and more consumers are opting for spot-cooling bedrooms and living areas with room air conditioners rather than using their central air conditioning.

Domestic sales in a normal room-air season over the next few years can be expected to be about 3 million units a year. And manufacturers say that in today's market, sales will not deviate much more than 10 percent in either direction. That is, in an extremely good year, with long periods of hot weather, sales could reach 3.3 million units, but not a lot more.

And in a year without an extended hot streak, sales would not be expected to dip below 2.7 million units.

What kind of season was 1981? Manufacturers and retailers in many parts of the country say it was a very good year.

Field inventories had been very low, following the near industry-wide sellout in the 1980 season, so manufacturer factory unit shipments in the first half of the year were more than 40 percent ahead of 1980 levels. And although shipments were softer in July and August, through August the eight-month factory-shipment total was still 21 percent ahead of 1980.

Sell-through at retail was reported to be strong, as well. Field inventories are said to be only slightly higher than a year ago, and manufacturers expect another healthy but orderly flow of product to fill the retail pipeline.

One manufacturer, Tom Murray, vice president of sales at Emerson Quiet Kool, told MART the industry averaged more than an 82-percent sell-through in 1981. He estimated that approximately 300,000 units are in distribution inventory nationwide.

And what are consumers buying?

According to most manufacturers, the room air conditioner product mix has not changed appreciably in recent years. According to Jim Workinger, marketing manager for room air conditioners at Whirlpool, the product mix in Btu size has not shifted in recent years. However, growth has occurred in sales of units with high energy-efficiency ratios (EERs), especially in the replacement market. Consumers who have owned an air conditioner before know what they can do and how much they cost to operate, so they are more apt to want a model that cools efficiently.

According to Jack Peppers, vice president of sales of major appliances at Amana Refrigeration, there has been some growth in sales of portable units industrywide, especially sales of larger, more efficient units. "Those people who are not buying on impulse seem to be buying more efficient units. This trend is especially noticeable where energy rates are high," he said.

Martin J. Holleran, room air marketing manager at General Electric, estimates that the industry has had and can continue to expect about a 3-percent growth rate in high-efficiency models.

That opinion is generally echoed by most manufacturers. One manufacturer, however, Chuck High of Carrier, indicated that the shift to high-efficiency units is slow at best, and that apparent increases in average efficiency may merely be the result of mandated minimum efficiency standards in such states as New York and California.

"While efficiency is somewhat more important than it used to be, a number of other factors are more important to most consumers," High told MART. "While many consumers ask about efficient models, their actual buying decision is not based primarily on efficiency, but on such factors as product reliability, quietness of the unit, and long life expectancy."

But according to Charles Marino, national sales manager for Friedrich Air Conditioning and Refrigeration, high-efficiency models are becoming a demand item.

"Consumers are more aware of high efficiency than a lot of people would have you believe," Marino told MART. "In many cases it's a question of the retailer taking the time to explain efficiency to the customer. B it more than one in three customers uses the Energy Efficiency Ratio in his or her buying decision," Marino said.

It is felt by many suppliers and retailers alike that as more replacement sales are generated in the room-air business, proportionally more efficient models will be sold. And the replacement customer is a fast growing factor in the room air conditioner market.

Consumers replacing an old or worn-out air conditioner or those adding a second or third unit to the home now account for up to 60 percent of the business.

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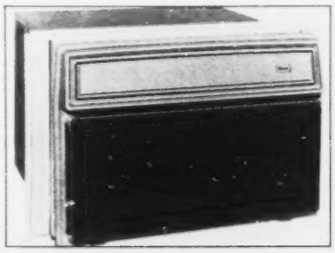


Carrier's Sierra heat pump series features five models with cooling capacities from 9,300 to 17,600 Btu, and heating capacities from 8,100 to 14,900 Btu. **Write 316.**

Pictured is the indoor evaporator section of the split room air conditioner from Fedders. Four models are available in capacities from 8,000 to 24,000 Btu. **Write 317.**

Import suppliers check the U.S. room air market

At least two manufacturers, Panasonic and Sanyo, have considered or are considering entering the U.S. room-air-conditioning market.

Sanyo previewed a room air conditioner at this year's National Assn. of Home Builders (NAHB) convention in January. The model was a split condensor unit. The company, seeking dealer and builder response, will show the same model at the NAHB convention in Las Vegas in January.

According to Mort Tillman, vice president of sales for Sanyo Appliances, the company is still considering the U.S. market for room air conditioners. But at this time, he sees the market as 'so price-sensitive that consumers won't accept units that command high price points, even if they are highly engineered and super efficient. This is not the time to introduce an expensive, deluxe unit.'

Panasonic is also considering the room-air-conditioner market. The company has shown a highly energy-efficient and quiet-operating model to some U.S. retailers.

According to Richard Muehlenhard, general manager of the Home Appliance Div. of Panasonic, although the company has no plans to market room air conditioners in this country in the immediate future, it is conducting market research and has solicited dealer comments on the units.

Muehlenhard told MART that the units have received extremely favorable response from the retailers. 'Retailers seem to think we're on the right track. There seems to be growing demand for high-efficiency and quiet operation,' Muehlenhard said.

The company currently markets a full line of room air conditioners in many parts of the world.

Room air sell-through in 1981 was good, but did not match 1980

[Continued from page 21]

Replacement and add-on buyers are more likely to shop at both pre-season sales and after-season clearance sales. As these customers account for a larger portion of the business, they will add even more stability to the market and will lengthen the season on both ends. And manufacturers hasten to add that more than 20 million room air conditioners 10 years old or older are out in the field and will need to be replaced one day.

The customer adding a second or third room air conditioner is also a growing factor in the business in all parts of the country.

According to Robert DeLellis, general marketing manager of room air conditioning at Fedders, because of high utility rates there is a national trend among consumers with central air conditioning to shut down their large units and to spot-cool smaller areas of the home such as bedrooms and living rooms with room air conditioners. This trend is becoming apparent in all parts of the country, he said, not just the South and Sunbelt areas.

The summer of 1981 was a much better than average season for room air conditioner dealers in most parts of the country.

Manufacturers say early and intense heat in the Northeast and Midwest produced a near sell-out in these areas. Sales were especially strong in 5,000- to 10,000-Btu units. And because field inventories were so low entering the season, some spot shortages were reported in these areas in some lines and models.

Other parts of the country had good seasons as well. Sales were strong in Texas and the Sunbelt, but not quite up to the unparalleled sales of 1980. Sales in these areas were especially strong in larger-Btu models.

The close of the 1981 season finds the room-air industry in a very similar situation last year. Relatively little inventory exists in the field, so the dealers are happy. And retail sales were at a sufficient level that the distribution pipeline needs to be filled again. So the manfacturers are happy, too.

General Electric introduced the first Carry-Cool 10 years ago. Today the line has seven models. **Write in 318.**

Because of the high proportion of sell-through at retail over the last couple of years, the buy-back situation has been less of an issue recently than in the past. When all product is sold, there is nothing to buy back, and no one has a problem.

Manufacturers hope that with better production planning they will never again be forced into massive buy-back situations. But at the same time, everyone hopes to avoid large-scale shortages in an extended hot spell.

Buy-back options remain available to about the same degree as in previous recent years; there have been no dramatic changes in terms to dealers.

According to Tom Murray of Emerson Quiet Kool, the high cost of financing and money—financing for dealers and production overruns for manufacturers—is making manufacturers more responsible and much less prone to unload an unlimited number of units into the field.

Dealers too are groping for ways to contend with the high cost of money. There is a trend for dealers to hold back in their pre-season buying: they are not only ordering later in the season, but are ordering fewer units. According to Chuck High of Carrier, because of the reluctance of retailers to order early (a factor of high interest rates), manufacturers must strive to become more timely, that is, be able to produce sufficient product at the right time.

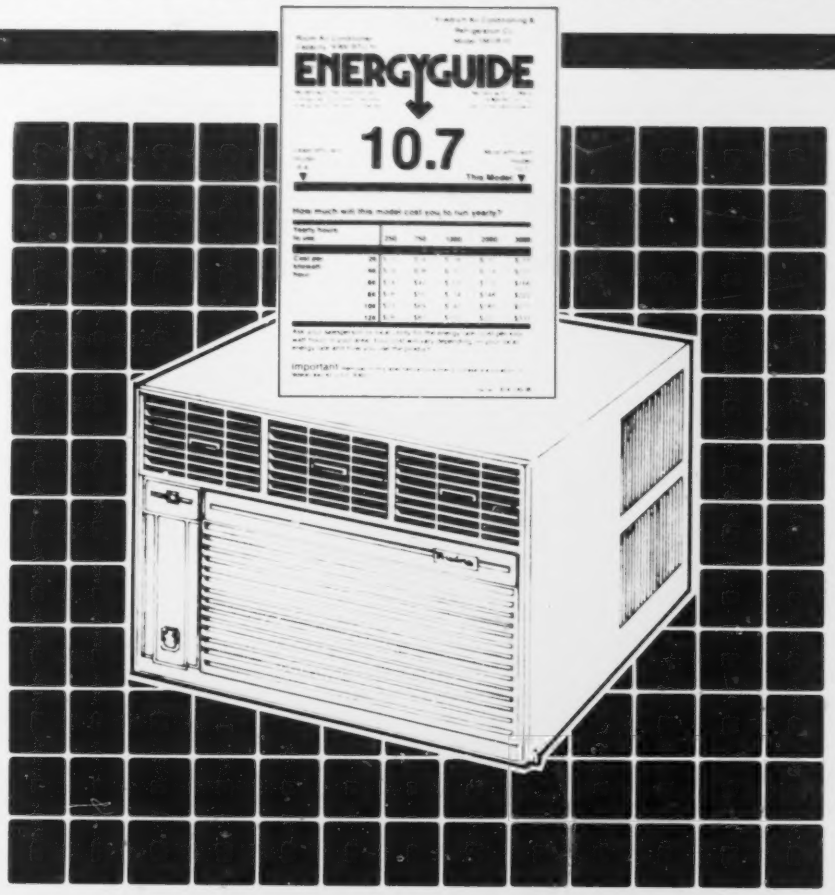
The room air conditioner business will continue to be a steady 3-million-unit business for the foreseeable future. As prices rise (and several manufacturers have recently announced price increase of up to 7 percent), the business will grow in dollar volumes.

Manufacturers predict that the market will track in a normal manner for the remainder of the year. The above normal shipments of the first half have subsided. They expect that at year's end shipments will be 18 to 20 percent ahead of 1980.

Because field inventories are low, these same manufacturers expect a 1982 season very similar to the year just past, or perhaps down slightly. ■

John Foster
Senior Editor

Why You Should Be Selling Friedrich Room Air Conditioners



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To get the competitive edge contact one of the distributors on the facing page or call Mr. Charles M. Marino, National Sales Manager, Friedrich Room Air Conditioning Division, San Antonio, Texas 78295 • 512/225-2000

Microwave News

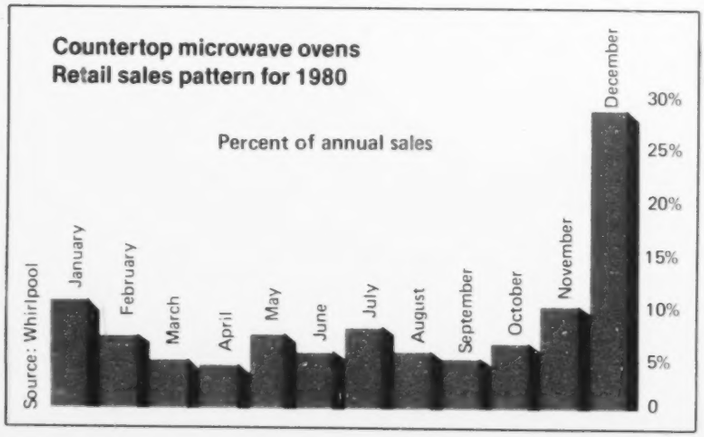
Microwaves growing in importance to retailers

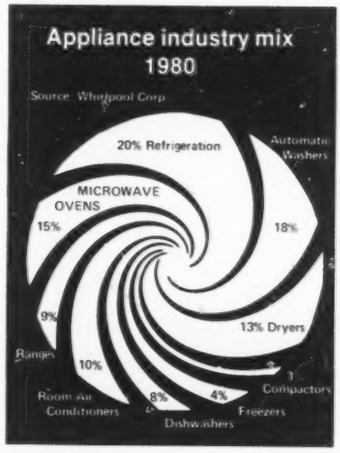
Sales of microwave ovens now account for 15 percent of the total of the nine major appliance categories

Appliance dealers who are not in the microwave oven business are missing out on a large and growing segment of the total major appliance industry: that's the view of Ron Whitford, merchandising manager of microwave ovens at Whirlpool Corp.

Sales of microwave ovens now account for about 15 percent of the total unit volumes of the nine major appliance categories, Whitford told MART. Microwave ovens are now the third-largest unit-volume category in the appliance business, trailing only refrigerators and automatic washers.

And all retailers, those who are in the microwave-oven business and those who are not, should be aware that the business is changing rapidly. As the market broadens, new and lower price points are becoming the key market segments. According to Whitford, $400-to-$449 is now the most popular price segment in the industry; $450-to-$499 is another significant segment.





In the present market an increased opportunity exists for sales under $300. As new features have been added to high-end models, more features have become available on mid-line and lower models as well. And the more consumers use their microwave ovens, the more their perceptions of their needs change.

Whitford told MART that in the small but growing replacement market, many consumers are replacing touch-control models with units with mechanical controls. And while many consumers perceive size as an important feature when they buy their oven, after they've owned the oven for a while, capacity is not thought of as particularly important.

Whitford believes growth in the microwave-oven business will continue at a rapid rate. In fact, he said, the growth pattern of microwave ovens does not resemble most other major appliances, but rather closely resembles the growth pattern of color television sets in the late 1960s and early 1970s.

Whitford expects that 4.2 million microwave ovens will be sold in 1981, and he feels the microwave oven could increase market penetration by 4 or 5 percent a year for the next few years.

As the market matures, Whitford said, more sales opportunities will develop for the appliance dealer. Especially strong growth potential exists in built-ins, eye-level microwave ovens, and the combination microwave range.

Whitford believes the microwave market is becoming more of a year-round business. Although sales are still heavily weighted toward the Christmas season, sales throughout the year are much more consistent than they used to be.

The microwave oven will continue to grow in importance in the major appliance industry, the Whirlpool executive said, and dealers should try to maintain the proper product mix: if microwave ovens account for 15 percent of total industry appliance sales, dealers should try to match that figure in their own mix. ■

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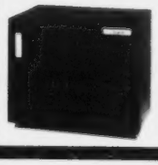

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Room at the Top

Don Henry

Roger Schipke

Les Guilfoyle

Al Miserocchi

Don Henry, formerly vice president of sales of *Magic Chef,* is now vice president, domestic sales and marketing, commercial air conditioning division, *Fedders Corp.* Also at Fedders, **Les Guilfoyle, Jr.** has been appointed director of service, residential consumer products . . .

Emerson Quiet Kool Corp., has named **Donald L. Morgan** marketing manager . . .

James Krueger, formerly marketing manager at the *Tappan Co.,* has been named director of marketing of *Magic Chef's Admiral Group* . . .

Following the retirement of **J.W. (Jack) Hanrahan,** president of *Kelvinator,* H. E. Schafer, president of *White-Westinghouse/Kelvinator Appliance Co.,* has announced the following changes in the Kelvinator executive structure: **Richard J. (Dick) Conklin,** is now executive vice president; **K.J. Gursahaney,** vice president of product marketing at White-Westinghouse, will take over similar responsibilities for Kelvinator . . .

Roger W. Schipke, general manager of *General Electric's* laundry and dishwasher products division at Appliance Park, has been elected a vice president of the company . . .

Al Miserocchi, formerly director of major appliance sales for the *KitchenAid* division of Hobart, is now vice president of sales and marketing for *Thermador/Waste King* . . .

Report from VIDCOM

European video market gains on U.S.

The United States has a headstart on VCR and video disc sales, but by '85 the gap will narrow

Western Europe should be the next major frontier for the home video market, as the products taking off in the United States today gain momentum overseas as well.

At last month's VIDCOM '81 Conference, held in Cannes, France, more than 600 video hardware and software firms from 32 countries showed off their latest developments.

The message from the conference? The European video cassette recorder market is poised for an explosion that should rival the VCR activity in the United States in the past year or so, and the video disc will be the next breakthrough.

At an International Tape Assn. seminar held in conjunction with VIDCOM, Kees Bruinstroop, product marketing manager for N.V. Philips' video department, predicted worldwide VCR sales of 6.5 million units for this year, with that worldwide total rising to 17 million units by 1985. By that time, he noted, U.S. VCR sales should hit the 4.3-million-unit mark, for a 20-percent penetration rate. Both the United Kingdom and Germany, on the other hand, although lower in unit sales, will each have achieved a 30-percent penetration for VCR.

All three of the video disc formats on sale (or soon to be) in the United States were represented at VIDCOM, and proponents of all three were talking about entering the European market by 1983.

Philips expects to market its LaserVision player in the United Kingdom "as soon as we have an adequate supply of the 120 titles in our initial catalog," according to Jos Coppen, international marketing manager. JVC's Yukio Kosuda said his firm has targeted mid-1982 for the first European sale of the VHD player, in the United Kingdom, with marketing in West Germany and France slated for the spring of 1983. And RCA Vice President James Alic said that company will bring its CED player to European stores early in 1983, or possibly before then "in a token way."

RCA used VIDCOM to unveil its first "bells-and-whistles" disc player: the firm showed a prototype unit with programmable random access, high-speed visual search, and picture or segment repeat.

As for current SelectaVision sales in this country, Roy H. Pollack, RCA executive vice president, said the company had sold 135,000 players and 1.4 million discs to dealers since the product was introduced in March. The sales rate "accelerated noticeably" after RCA kicked off its fall marketing campaign, he added.

The VIDCOM and ITA seminars brought home the fact that U.S. and overseas retailers have more in common than just the products they sell. For example, at one point in a discussion of video retailing, Tim Steel, general manager, consumer products, for Sony U.K., declared, "The margins on which most video retailers operate are sheer, bloody lunacy!" His statement was greeted with general applause. ■

Audio survey: Who's buying?

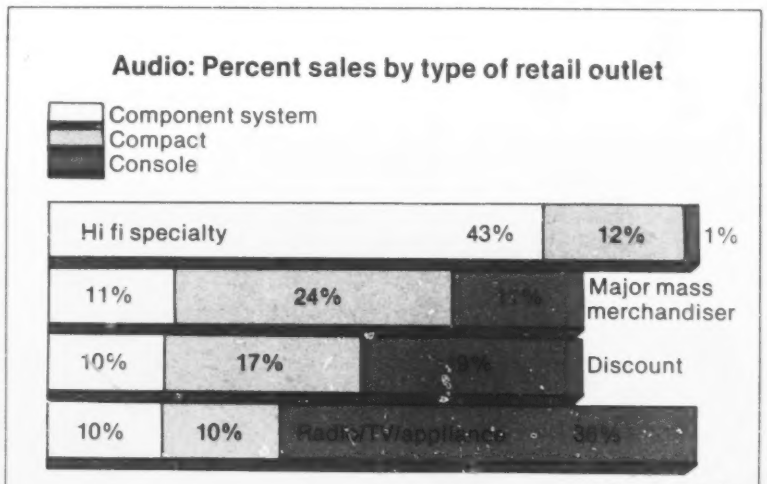
What kind of retail outlet gets the bulk of the consumer's audio dollar?

It depends on what type of audio product that consumer is buying. According to a recent consumer survey by the Electronic Industries Assn.'s Consumer Electronics Group, while hi-fi specialty stores not surprisingly get the lion's share of the component audio business, mass merchandisers are leading in sales of compact stereo systems and appliance/TV outlets hold the lead in console sales.

And in autosound sales, the survey said, hi-fi specialty stores again accounted for the bulk of the business, with discounters running a relatively distant second.

The EIA/CEG survey covered 2,007 consumers who had purchased home and/or car audio equipment within 18

[Continued on page 40]



Computer specialty stores using 'show-and-tell' to sell their wares; trained salespeople are important

Retailers say consumers buying personal computers need a chance to watch the machines in action

Other big-ticket-item retailers may be singing the blues this recession, but not personal/micro computer sellers.

According to dealers across the country, computers have demonstrated surprising resilience in the face of economic "belt-tightening" at both the consumer and small-business levels, and it's been "business as usual, or even better" for the entire year.

"Sales so far this year have been very good and seem to be holding at a fairly steady level," said Glenn Gronquist, sales manager of the Hopkins Computerland in Bloomington, MN. "It's rather unexpected to be doing this well, considering the way the economy is these days."

Gronquist sells Apple, Atari, Xerox, and IBM systems, and reports sales are split 50-50 between personal and business use.

"Customers in the personal-computer market are basically shopping price. People buying computers for their homes are looking for entertainment and education programming, and tend to be fairly price-conscious.

"Business users are looking for features and specific applications. If I can sell a business on an application, the fact that the computer is capable of doing the job they want done becomes more important than how much the system costs."

Business is doing also "real good" at The Computer Room in Kalamazoo, MI. Despite the fact that the midwest has been hit particularly hard by layoffs and slumps in the auto industry, staffer Parr Crone told MART his company "is seeing a fairly steady growth in the market, and I don't see any changes coming up to offset that."

The Computer Room's sales vary from month to month, depending on the size of the systems sold: "Sometimes we sell a low of 10 units a month, other times, a high of 30. Most of our sales are Apple business applications, with an average price of $5,000 to $25,000.

"The personal-computer market is still very young for us; we just got a Commodore for $300, and we're starting to do things with it. I see the personal computer market as growing."

Like Gronquist of Computerland, Crone believes price is not a big factor in small-business computer purchases: "They (business people) are trying to get a problem solved. Price doesn't really enter into the decision to make a purchase."

Software, most retailers agreed, creates the computer sale, and the repeat business that follows.

"Typically," Crone said, "software makes up 15 percent of the total sale. Most buyers start out with one application in mind and look for a computer that can handle it. After they purchase the system, get it set up, and run it, then people start to think about what else (other applications) their computer can do. They start coming back and asking, 'Hey, can I do this? Do you have a package for it?' For smaller systems, we generally use canned programs; on larger systems we can develop programs. We also do customization of canned programming."

Universally, game programs are the biggest sellers. Business needs may be the motivation behind computer purchases, but games generate repeat business, noted Ray Schlitzer, president of Micomp, Inc., which owns two San Francisco, CA, Computerlands (one more on the way): "People still enjoy playing computer games. Even when people buy business systems, they still pick up a game or two for between $24 and $34."

Most retailers surveyed run regular ads and occasional promotion campaigns. Computerland franchisees benefit from

[Continued on page 46]

U.S. Tron exec predicts telephone shakeout

Is a shakeout looming in the home telephone market?

Morty Hova, president of U.S. Tron, thinks so. While a vast potential exists for small companies now entering the telephone market, he indicated, "unless they're really specialized, with excellent engineering capability and electronics background, they'll never be able to maintain a place in the sophisticated telephone industry."

And where does Ma Bell fit into this picture? "I believe Bell is going to lose more and more business," Hova declared. "The independent phone stores were a first step to help compete against Ma Bell. Now consumers are able to buy phones in department stores, electronics or camera stores, through catalog houses—even drug stores." ■

Audio News

Audio consumer survey: who's buying?

[Continued from page 37]

months. The breakdown by product purchased was 815 buyers of component stereo systems, 332 for compact stereo, 96 for consoles, and 764 for car audio equipment.

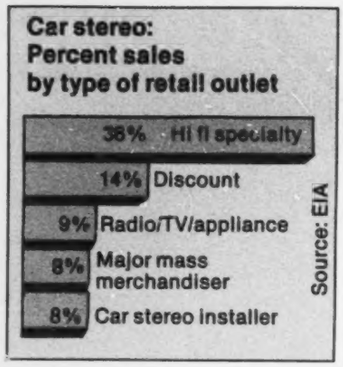
Of the component-system customers, 43 percent bought their equipment at a hi-fi specialty store, 11 percent at a mass merchandiser (Sears, Montgomery Ward, or JC Penney), and 10 percent each bought at a discount or appliance/TV store.

Compact-stereo customers bought mostly (24 percent) from a mass merchant, with 17 percent buying at a discount store, 12 percent at a hi-fi store, and 10 percent at an appliance/TV retail outlet.

Console-stereo customers bought 36 percent of the time from an appliance/TV dealer, 19 percent from a discounter, 11 percent from a mass merchant, and only 1 percent of the time from a hi-fi specialist.

As for the car-audio customers, 36 bought from a hi-fi operation, 14 percent from a discounter, 9 percent from an appliance/TV store, and 8 percent each from a mass merchandiser or car-stereo installer.

How did they make their buying decisions? Most of these home audio customers (64 percent of the component purchasers, 71 percent of the compact buyers, and 75 percent of the console purchasers) did not have a particular brand in mind when they entered the store.



Once they got into the store, price was the major factor in the brand decision in all three product categories (49 percent for component customers, 53 percent for compact buyers, and 30 percent for customers purchasing console stereos).

The retail salesperson did not have much influence on the buying decision for more than half of these consumers: 57 percent of the component customers, 73 percent of the compact purchasers, and 61 percent of the console buyers said the salesperson was not a factor in their decisions.

On the car audio side, 64 percent of the purchasers did not have a specific brand in mind when they entered the store, and 48 percent of the consumers made their brand decision based primarily on unit price.

Once again, the car-audio salesperson was not a factor in the buying decision 64 percent of the time.

After making their buying decisions, the overwhelming majority of the buyers of all four product categories paid cash for their purchases: 68 percent of the component buyers, 73 percent of the compact customers, 77 percent of the console customers, and 86 percent of the car audio purchasers.

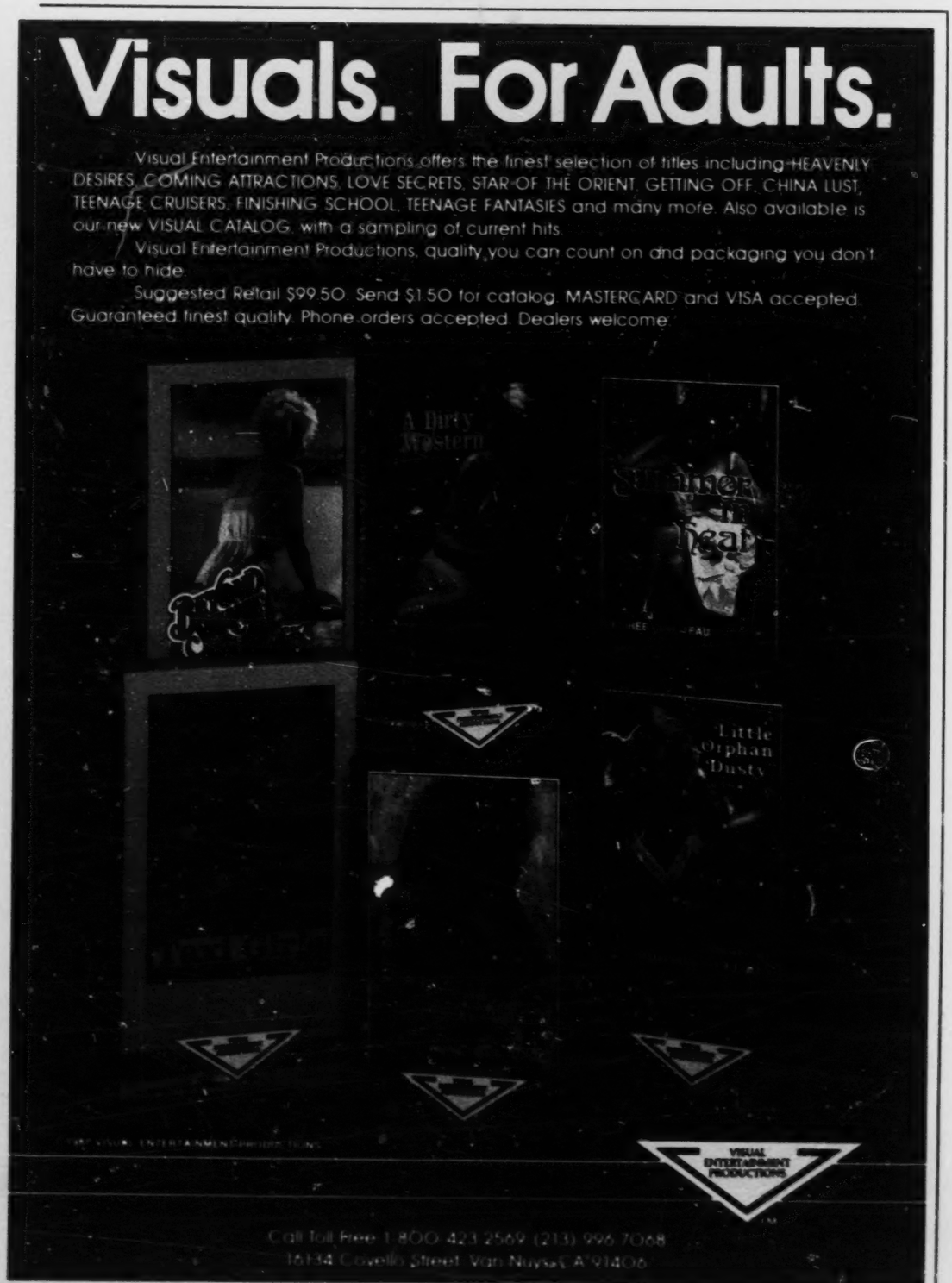
Replacement sales accounted for about a third of the purchases of console stereo (31 percent) and car audio (34 percent) by these consumers. Forty-two percent of the component system purchases were replacement sales, as were 26 percent of the compact-system sales.

By contrast, 55 percent of the compact customers, 45 percent of the console buyers, 38 percent of the component customers, and 45 percent of the car-audio customers were buying their equipment for the first time.

The median price paid for the component systems purchased was $182 per component. Compact median prices were about $190, consoles about $204, and car audio equipment $93.

The purchasers surveyed ranged from predominantly male (75.3 percent) in the case of the car audio buyers to almost equally divided between male and female (47.8 percent male) for the console customers. The customer buying a console stereo also tended to be older (median age 30.6) and in a lower family-income bracket ($16,100 annually) than any others.

The compact-system purchaser had the highest median income ($20,500 per year), while the car audio customer was youngest (median age 27.4). ■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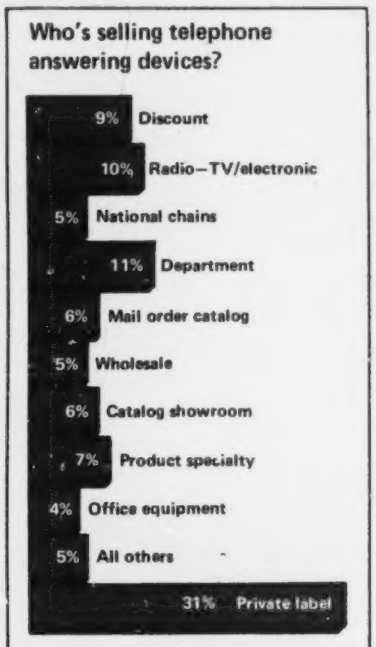
Consumer Electronics

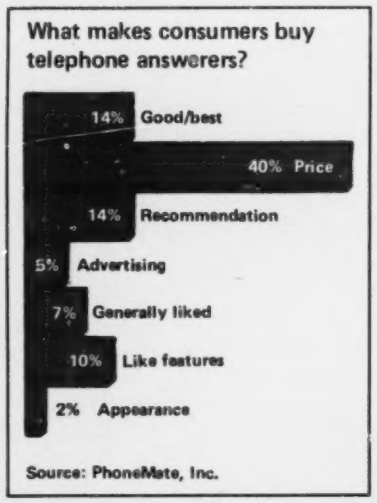
Telephone companies still tops in answerer sales

It's risky business asking shoppers to rate retail phone answer salesmanship.

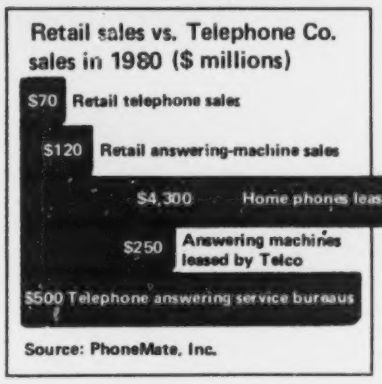
To take that risk out of rating sales performances, MART analyzed a PhoneMate survey consisting of 71,000 phone calls. People responded to the following categories: who's selling telephone answering devices; what makes consumers buy telephone answerers; and who owns what percentage of the market—the phone company or the retailer.



Conclusion: Private-label vendors (such as Radio Shack) still carry a majority of the business. Discounters, department stores, and radio-TV/electronics outlets run almost neck-and-neck to tie up a good portion of the rest. (Note, too, that retailers in these four categories tend to advertise and promote answering machines, as well as telephones, more consistently than merchants in the other categories.)



Conclusion: Price is still an important factor in telephone answering-machine sales. Features wield some influence, but a reputation as the best product available or a recommendation from a current user carries more clout.


Retail sales vs. Telephone Co. sales in 1980 ($ millions)
$70 Retail telephone sales
$120 Retail answering-machine sales
$4,300 Home phones leased by Telco
$250 Answering machines leased by Telco
$500 Telephone answering service bureaus
Source: PhoneMate, Inc.

Conclusion: The telephone companies still own a lion's share of the telecommunications product market, and will probably retain that lead until the retail industry abandons its "hopes" that deregulation and the unbundling of telephone company rates alone will encourage more consumers to purchase telephone equipment at retail.

By this time, most of the industry should have realized that "hopes" pay no bills—without advertising, that is. Consumers are still confused about the legality of phone ownership, despite continuous consumer press coverage.

Up to now, manufacturers postponed campaigns—waiting for the "opportune moment." Retailers postponed, too, while they waited for manufacturers to step in and carry the ball. Guess who the winner has been? The telephone company. ■

Room at the Top

William R. Webber has been named vice president and general manager of *General Electric's television division,* succeeding **Fred R. Wellner,** who will retire January 1, 1982. Until then, Wellner will serve as vice president, consumer products sector, for GE. Webber also becomes chairman of the board of *GE Video Inc.,* a wholly owned subsidiary. **Lud Huck,** general manager-marketing, for GE TV, is now vice chairman of GE Video as well, and **Thomas E. Tucker,** peripheals marketing manager, has been elected president of GE Video . . .

Hitachi Sales Corp. of America has promoted **Robert J. O'Neil** to executive vice president and elected him to the board of directors . . .

N.A.P. Consumer Electronics has named three product managers for its Magnavox line; all were previously with *Magnavox Consumer Electronics.* **Robert P. Eastwood** is product manager for video cassette recorders and video disc players, **Charles E. Nelson** is audio product manager, and **Theodore H. Thompson** is product manager, video . . .

Pete Fredriksen has been promoted to vice president and general manager of *Jensen Sound Labs'* car audio components division; he was previously vice president of sales for the division . . .

Midland International Corp. has named **William F. Atkins Jr.** vice president of marketing and sales. He was previously with *Charmglow Products.* Also at Midland, **Jerry McCoy,** former central regional sales manager, has been promoted to national sales manager, consumer products division . . .

Thomas M. Lopez has been named to the new position of vice president of editorial development for *Activision.* He was previously with *J. Walter Thompson.* Also at Activision, **Karen Janowski** is the new manager of market planning, analysis and research, and **William F. Giles** is credit manager . . .

Dynascan Corp. has a new executive vice president: he's **Frank J. DiLeo,** previously president of *Samsung Electronics America*
Dynascan has also promoted **Dennis Burke** to the new position of general manager of the company's home security group; he was previously general marketing and sales manager of Dynascan's Cobra Communications product group. . .

James M. Alic has been elected group vice president of *RCA Corp;* he was previously vice president, electronic services and video disc operations . . .

Mattel Electronics has named **Michael C. Shea** vice president of marketing for non-video products. He was previously with *Pentel of America* . . .

William J. Polich has been promoted to director of merchandising for *U.S. Pioneer Electronics;* he was previously manager-marketing and product planning . . .

Jensen exec sees car stereo shakeout ahead

The car stereo market should break the $2.5-billion mark in sales next year . . . but there may be fewer manufacturers selling the products.

That's the view of Pete Fredriksen, vice president and general manager of Jensen Sound Labs' car audio division. While anticipating an industry sales growth of up to 10 percent next year over the $2.2-billion-plus predicted for this year's volume, the Jensen executive feels a shakeout of suppliers is coming . . . and possibly of retailers as well.

"The number of manufacturers in the market will diminish in 1982, particularly in terms of those manufacturers who fail to position themselves properly in terms of targeting the part of the market they're after," Fredriksen declared. "I think retailers will also have to specialize in order to survive. They no longer can assume everyone in the world is their customer, but will have to determine which segment of the market they can best serve and do so accordingly."

One reason for the increased dollar volume next year will be a rise in the average selling price of a car stereo system, Fredriksen believes: this year the average ticket is from $250 to $350, while next year he sees that average system price moving up to about $450 and perhaps even $550.

Jensen's 1982 forecast breaks down to $1.8 to $1.9 billion in auto electronics sales, plus another $500 to $600 million in speaker sales.

What's coming in car stereo technology next year? No startling breakthroughs, according to Fredriksen: "Overall, the market will develop in a stable fashion, with a lot of emphasis on quality and reliability of product rather than achieving performance breakthroughs. More digital technology will be incorporated into car stereo electronics, and we'll see a continuing but gradual proliferation of programmable units vs. conventional pushbutton systems." ■

Metal tape sells well, says Fuji's John Dale

Contrary to some industry reports, the metal-audio-tape market is doing well this fall, according to Fuji Photo Film—in fact, the firm expects metal tape to represent from 10 to 15 percent of its total audio tape sales this year, according to John Dale, vice president and general manager of Fuji's magnetic tape division.

For the total industry, Dale estimates metal tape will represent about four percent of the sales volume next year. He feels one reason why some other tape suppliers and/or retailers may be disappointed in the formulation's sales performance is that they expected too much of metal tape in the first place.

"Metal tape is the new evolutionary step in the development of the magnetic recording medium, not the end-all it has been called," Dale said. "Those who thought metal tape would quickly dominate the market have forgotten that it took chrome tape several years to reach a 2-percent market penetration, while metal has done that in its first year." ■